

**Commonwealth of Kentucky
Natural Resources and Environmental Protection Cabinet
Department for Environmental Protection
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601
(502) 573-3382**

**STATE ORIGIN
AIR QUALITY PERMIT**

Permittee Name: Baillie Lumber Company
Mailing Address: P.O. Box 623 Leitchfield, KY 42754

Source Name: Baillie Lumber Company
Mailing Address: Same as above
Source Location: 279 Shaw Station Road, Leitchfield, KY 42754

KYEIS ID #: 21-085-00026
SIC Code: 2421

Regional Office Owensboro Regional Office
3032 Alvey Park Drive W., Suite 700
Owensboro, KY 42303
(270) 687-7304

County: Grayson

Permit Number: S-02-097
Log Number: 54838
Permit Type: Operating

Application
Complete Date: August 20, 2002
Issuance Date: February 21, 2003
Expiration Date: February 21, 2013

**John S. Lyons, Director
Division for Air Quality**

SECTION A - PERMIT AUTHORIZATION

Pursuant to a duly submitted application the Kentucky Division for Air Quality hereby authorizes the operation of the equipment described herein in accordance with the terms and conditions of this permit. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto.

The permittee shall not construct, reconstruct, or modify an affected facility without first having submitted a complete application and receiving a permit for the planned activity from the Division, except as provided in this permit or in 401 KAR 52:040, State-origin permits.

Issuance of this permit does not relieve the permittee from the responsibility of obtaining other permits, licenses, or approvals that may be required by the Cabinet or other federal, state, or local agencies.

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS

Emissions Unit: 01 – Natural Gas Fired Indirect Heat Exchanger

Description:

York-Shipley Boiler-Burner Unit

Maximum continuous rating: 10.043 MMBtu/hr

Construction Completed on 08/01/1981

APPLICABLE REGULATIONS:

Regulation 401 KAR 59:015, New indirect fired heat exchangers, applicable to an emissions unit with a rated capacity less than 250 MMBTU/hr which commenced operation on or after April 9, 1972.

1. Operating Limitations:

None

2. Emission Limitations:

- a) Pursuant to Regulation 59:015, Section 4(1)(C), Particulate Matter emissions shall not exceed 0.559 pounds per MMBTU based on a three-hour average.
- b) Pursuant to Regulation 59:015, Section 5(1)(C), Sulfur Dioxide emissions shall not exceed 2.99 pounds per MMBTU based on a 24-hour average.
- c) Pursuant to Regulation 401 KAR 59:015, Section 4(2), emissions shall not exceed 20 percent opacity based on a six-minute average, except that a maximum of 40% opacity based on a six minute average shall be permitted for not more than 6 consecutive minutes in any consecutive 60 minutes during cleaning the fire-box or blowing soot.
- d) This unit is considered to be in compliance with the PM, SO₂, and opacity standards while burning natural gas.

3. Testing Requirements:

None

4. Specific Monitoring Requirements:

None

5. Specific Record Keeping Requirements:

The permittee shall record and maintain records of all fuel burned and the hours of operation of the boiler on a daily basis.

6. Specific Reporting Requirements:

None

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Emissions Unit: 02 – Lumber Trimming Mill

Description:

Wood Processing, sawing, trimming, planning and grinding

Maximum continuous rating: 26,000 bd ft/hr to trimmers

5,000 bd ft/hr to planer

1,500 bd ft/hr to gang saw

2.5 tons/hr to wood hog

Controls: Baghouse

Construction Completed over several years

APPLICABLE REGULATIONS:

Regulation 401 KAR 59:010 New Process Operations, applicable to an emissions unit commenced after July 2, 1975.

1. Operating Limitations:

The baghouse shall be maintained properly and in operation at all times any equipment in this emission unit is operating.

2. Emission Limitations:

- a. Pursuant to Regulation 401 KAR 59:010, particulate emissions shall not exceed 34.93 lbs/hr based on a three-hour average.
- b. Pursuant to Regulation 401 KAR 59:010, any continuous emissions into the open air shall not equal or exceed twenty percent (20%) opacity.
- c. Compliance assurance method: Compliance with emission limitations shall be assured through compliance with section C, F.1.a and G.

3. Testing Requirements:

None

4. Specific Monitoring Requirements:

The permittee shall keep all records of routine and non-routine maintenance on the baghouse.

5. Specific Record Keeping Requirements:

Permittee shall record and maintain records of the amount of wood processed and the hours of operations of the facility.

6. Specific Reporting Requirements:

None

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

7. Specific Control Equipment Operating Conditions:

Baghouse efficiency must be maintained at 99.90%. Compliance with this requirement shall be demonstrated through maintaining and repairing the baghouse in accordance with manufacturer's recommendations.

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Emissions Unit: 05 – Yard Area & Haul Road

Description:

Lumber Yard and Haul Road

Applicable Regulations:

Regulation 401 KAR 63:010, Fugitive Emissions

1. Operating Limitations:

None

2. Emission Limitations:

- a) Pursuant to Regulation 401 KAR 63:010, Section 3, reasonable precautions shall be taken to prevent particulate matter from becoming airborne. Aggregate materials shall be sufficiently wetted or enclosed so as to prevent the emission of fugitive particulate matter during handling, storage and loadout. In addition, a wetting agent shall be applied to the haul road and yard area on a regular basis so as to suppress fugitive emissions of particulate matter during transporting of materials.
- b) Pursuant to Regulation 401 KAR 63:010, Section 3, discharge of visible fugitive dust emissions beyond the property line is prohibited.

2. Testing Requirements:

None.

3. Specific Monitoring Requirements:

None

4. Specific Record Keeping Requirements:

None.

6. Specific Reporting Requirements:

None

7. Specific Control Equipment Operating Conditions:

None

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Emissions Unit: 06 – Wood Fired Indirect Heat Exchanger

Description:

Scrap Wood Fired Boiler

Maximum continuous rating: 28.7 MMBtu/hr

Construction Completed on 05/16/1995

APPLICABLE REGULATIONS:

Regulation 401 KAR 59:015, New Indirect Heat Exchangers

Regulation 401 KAR 60:005, incorporating by reference Regulation 40 CFR 60, Subpart Dc, Standards of performance for small industrial-commercial-institutional steam generating units, for units less than or equal to 100 MMBTU/hour but greater than or equal to 10 MMBTU/hour commenced after June 9, 1989.

1. Operating Limitations:

None

2. Emission Limitations:

- a) Pursuant to Regulation 401 KAR 59:015, Section 4(1)(c), Particulate emissions shall not exceed 0.437 lbs/MMBtu, based on a three hour average.
- b) Pursuant to Regulation 401 KAR 59:015, Section 5(1)(c), Sulfur dioxide emissions shall not exceed 3.13 lbs/MMBtu, based on a 24-hour average.
- c) Pursuant to Regulation 401 KAR 59:015, Section 4(2), emissions shall not exceed 20 percent opacity based on a six-minute average, except that a maximum of 40% opacity based on a six minute average shall be permitted for not more than 6 consecutive minutes in any consecutive 60 minutes during cleaning the fire-box or blowing soot.
- d) This unit is considered to be in compliance with the PM, SO₂, and opacity standards while burning wood.

3. Testing Requirements:

The permittee shall determine the opacity of emissions from the stack using U.S. EPA Reference Method 9 annually, or more frequently if requested by the Division.

4. Specific Monitoring Requirements:

The Permittee shall monitor the fuel usage.

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

5. Specific Record Keeping Requirements:

None

6. Specific Reporting Requirements:

None

SECTION C - GENERAL CONDITIONS

A. Administrative Requirements

1. The permittee shall comply with all conditions of this permit. Noncompliance shall be a violation of 401 KAR 52:040, Section 3(1)(b) and is grounds for enforcement action including but not limited to the termination, revocation and reissuance, or revision of this permit.
2. This permit shall remain in effect for a fixed term of ten (10) years following the original date of issue. Permit expiration shall terminate the source's right to operate unless a timely and complete renewal application has been submitted to the Division at least six months prior to the expiration date of the permit. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield, shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division. [401 KAR 52:040, Section 15]
3. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit. [Material incorporated by reference by 401 KAR 52:040, Section 1a, 11]
4. Pursuant to materials incorporated by reference by 401 KAR 52:040, this permit may be revised, revoked, reopened, reissued, or terminated for cause. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance shall not stay any permit condition. [Material incorporated by reference by 401 KAR 52:040, Section 1a, 4,5]
5. This permit does not convey property rights or exclusive privileges. [Material incorporated by reference by 401 KAR 52:040, Section 1a, 8].
6. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance. [401 KAR 52:040 Section 11(3)]

B. Recordkeeping Requirements

1. Records of all required monitoring data and support information, including calibrations, maintenance records, and original strip chart recordings, and copies of all reports required by the Division for Air Quality, shall be retained by the permittee for a period of at least five years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality. [401 KAR 52:040 Section 3(1)(f)]
2. The permittee shall perform compliance certification and record keeping sufficient to assure compliance with the terms and conditions of the permit. Documents, including reports, shall be certified by a responsible official pursuant to 401 KAR 52:040, Section 21.

SECTION C - GENERAL CONDITIONS (CONTINUED)

C. Reporting Requirements

1. a. In accordance with the provisions of 401 KAR 50:055, Section 1 the permittee shall notify the Regional Office listed on the front of this permit concerning startups, shutdowns, or malfunctions as follows:
 - i. When emissions during any planned shutdowns and ensuing startups will exceed the standards notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown.
 - ii. When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards notification shall be made as promptly as possible by telephone (or other electronic media) and shall cause written notice upon request.
- b. The permittee shall promptly report deviations from permit requirements including those attributed to upset conditions (other than emission exceedances covered by Reporting Requirement condition 1 a) above), the probable cause of the deviation, and corrective or preventive measures taken; to the Regional Office listed on the front of this permit within 30 days. Other deviations from permit requirements shall be included in the semiannual report. [Material incorporated by reference by 401 KAR 52:040, Section 5, 3].
2. The permittee shall furnish information requested by the cabinet to determine if cause exists for modifying, revoking and reissuing, or terminating the permit; or compliance with the permit. [Material incorporated by reference by 401 KAR 52:040, Section 1a, 8].
3. Summary reports of monitoring required by this permit shall be submitted to the Regional Office listed on the front of this permit at least every six (6) months during the life of this permit. For emission units that were still under construction or which had not commenced operation at the end of the 6-month period covered by the report and are subject to monitoring requirements in this permit, the report shall indicate that no monitoring was performed during the previous six months because the emission unit was not in operation.

The summary reports are due January 30th and July 30th of each year. All reports shall be certified by a responsible official pursuant to 401 KAR 52:040, Section 21. All deviations from permit requirements shall be clearly identified in the reports.

SECTION C - GENERAL CONDITIONS (CONTINUED)

D. Inspections

1. In accordance with the requirements of 401 KAR 52:040, Section 3(1)(f) the permittee shall allow authorized representatives of the Cabinet to perform the following during reasonable times:
 - a. Enter upon the premises to inspect any facility, equipment (including air pollution control equipment), practice, or operation;
 - b. To access and copy any records required by the permit;
 - c. Inspect, at reasonable times, any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit. Reasonable times are defined as during all hours of operation, during normal office hours; or during an emergency.
 - d. Sample or monitor, at reasonable times, substances or parameters to assure compliance with the permit or any applicable requirements.

E. Emergencies/Enforcement Provisions

1. The permittee shall not use as defense in an enforcement action, the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance [Material incorporated by reference by 401 KAR 52:040, Section 1a, 3].
2. An emergency shall constitute an affirmative defense to an action brought for the noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or relevant evidence that:
 - a. An emergency occurred and the permittee can identify the cause of the emergency;
 - b. The permitted facility was at the time being properly operated;
 - c. During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and
 - d. The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency and included a description of the emergency, steps taken to mitigate emissions, and corrective actions taken.
3. Emergency provisions listed in General Condition E.2 are in addition to any emergency or upset provision contained in an applicable requirement.
4. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof.

SECTION C - GENERAL CONDITIONS (CONTINUED)**F. Compliance**

1. Periodic testing or instrumental or non-instrumental monitoring, which may consist of record keeping, shall be performed to the extent necessary to yield reliable data for purposes of demonstration of continuing compliance with the conditions of this permit. For the purpose of demonstration of continuing compliance, the following guidelines shall be followed:
 - a. Pursuant to 401 KAR 50:055, General compliance requirements, Section 2(5), all air pollution control equipment and all pollution control measures proposed by the application in response to which this permit is issued shall be in place, properly maintained, and in operation at any time an affected facility for which the equipment and measures are designed is operated, except as provided by 401 KAR 50:055, Section 1.
 - b. All the air pollution control systems shall be maintained regularly in accordance with good engineering practices and the recommendations of the respective manufacturers. A log shall be kept of all routine and non routine maintenance performed on each control device.
 - c. A log of the monthly raw material consumption and monthly production rates shall be kept available at the facility. Compliance with the emission limits may be demonstrated by computer program, spread sheets, calculations or performance tests as may be specified by the Division.
2. Pursuant to 401 KAR 52:040, Section 19, the permittee shall certify compliance with the terms and conditions contained in this permit by January 30th of each year, by completing and returning a Compliance Certification Form (DEP 7007CC) (or an approved alternative) to the Regional Office listed on the front of this permit in accordance with the following requirements:
 - a. Identification of the term or condition;
 - b. Compliance status of each term or condition of the permit;
 - c. Whether compliance was continuous or intermittent;
 - d. The method used for determining the compliance status for the source, currently and over the reporting period, and
 - e. For an emissions unit that was still under construction or which has not commenced operation at the end of the 12-month period covered by the annual compliance certification, the permittee shall indicate that the unit is under construction and that compliance with any applicable requirements will be demonstrated within the timeframes specified in the permit.
 - f. The certification shall be postmarked by January 30th of each year. Annual compliance certifications should be mailed to the following addresses:

Division for Air Quality	Division for Air Quality
Owensboro Regional Office	Central Files
3032 Alvey Park Drive W., Suite 700	803 Schenkel Lane
Owensboro, KY 42303	Frankfort, KY 40601-1403
3. Permit Shield - A permit shield shall not protect the owner or operator from enforcement actions for violating an applicable requirement prior to or at the time of permit issuance. Compliance with the conditions of this permit shall be considered compliance with all:
 - a. Applicable requirements that are included and specifically identified in this permit; or
 - b. Non-applicable requirements expressly identified in this permit.

SECTION D - INSIGNIFICANT ACTIVITIES

The following listed activities have been determined to be insignificant at this source pursuant to 401 KAR 52:040, Section 6. While these activities are designated as insignificant activities the permittee shall comply with the applicable regulation and any level of periodic monitoring specified below.

<u>Description</u>	<u>Generally Applicable Regulation</u>
1. Wood Drying Kilns (20)	401 KAR 59:010